



Fact Sheet

BYRON L. DORGAN
CHAIRMAN

DPC Staff Contact: Erika Moritsugu and Jesse Comart (202) 224-3232
DPC Press Contact: Barry Piatt (202) 224-0577

February 1, 2010

Available Online: dpc.senate.gov

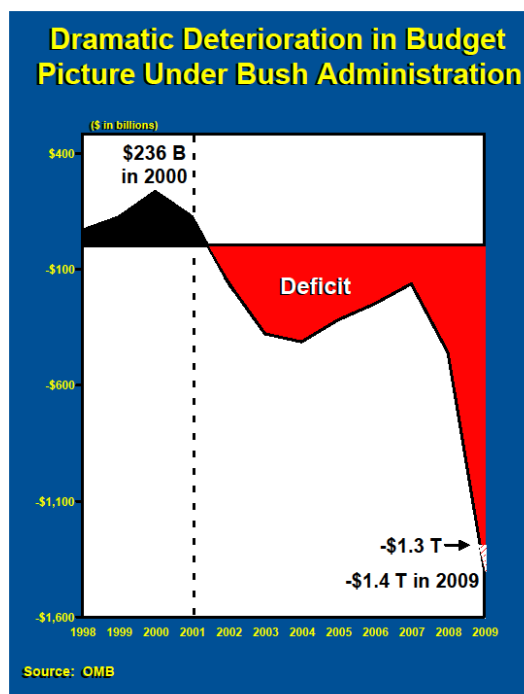
A Deficit Diagnosis: Republicans Are Suffering From Collective Amnesia about Causing the Largest Debt Increase in American History

Congressional Republicans are quick to blame President Obama for the every negative aspect of our current economy and fiscal position. They seem to have forgotten, however, that when President Obama took the oath of office one year ago, he inherited a record \$1.3 trillion deficit and an economy on the brink of collapse. [Office of Management and Budget] They also ignore the fact that when George W. Bush entered the White House eight years earlier, America enjoyed a \$236 billion budget surplus. The Bush Administration and congressional Republicans not only squandered this surplus, but left the American people reeling from irresponsible tax breaks for multi-millionaires and special interests, and catastrophic fiscal policies. As David Axelrod noted in a recent *Washington Post* editorial: "To put the breathtaking scope of this irresponsibility in perspective, the Bush administration's swing from surpluses to deficits added more debt in its eight years than all the previous administrations in the history of our republic combined." [Washington Post, [1/15/10](http://www.washingtonpost.com/archive/local/localnews/2010/01/15/)]

What did eight years of the Bush Administration leave for the Democrats to clean up?

- **Record budget surpluses turned into record deficits.** President Clinton ran a unified budget surplus of \$236 billion, the largest in American history. Budget surpluses were expected to continue for another ten years when President Bush took office in January 2001. [Office of Management and Budget, [2/28/01](http://www.omb.eop.govt/2001/02/28/01-28-01.html)] But under the Republican's watch, the federal budget plunged back into deficit, reaching record levels. [OMB, [2/4/08](http://www.omb.eop.govt/2002/02/04/02-04-08.html)] By 2002, the unified federal budget had returned to a deficit of \$160 billion and this year, President

Obama inherited a record deficit of \$1.3 trillion.



[Senate Committee on Budget, 12/2009]

- **Spending nearly doubled.** According to the non-partisan Congressional Budget Office (CBO) and the Senate Budget Committee, between 2001 and 2009, spending (outlays) rose from \$1.9 trillion to \$3.7 trillion.
- **National debt doubled.** Republicans presided over the largest explosion of debt in our nation's history. The day before George W. Bush assumed the presidency in 2001, the public debt was \$5.7 trillion. On the last day of President Bush's presidency in 2009, the debt stood at \$10.6 trillion, approximately \$35,000 for every man, woman, and child in America. [TreasuryDirect, visited [1/26/10](#)]
- **Debt owed to foreigners climbs to record levels.** In order to finance record budget deficits, the United States has had to borrow at unprecedented rates from foreigners. It took 42 Presidents 224 years to build up \$1 trillion of foreign-held debt. President Bush more than tripled that under his watch, with total foreign-held debt standing at over

\$3 trillion as he left office. [Department of the Treasury, visited [1/26/10](#)]



[Senate Committee on Budget, 1/2009]

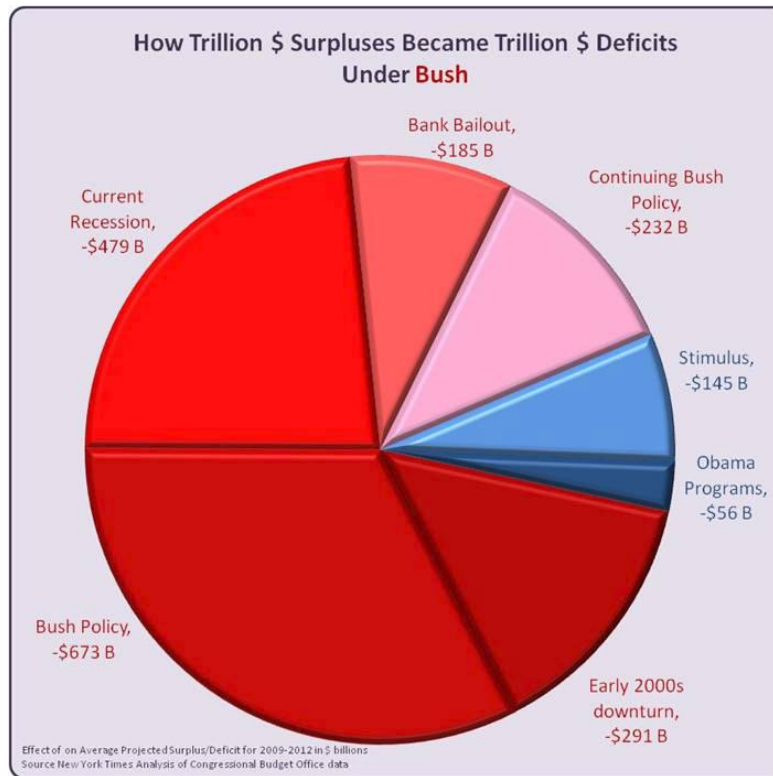
- **The worst economic performance in decades.** Not only did President Obama inherit the dismal fiscal situation created by the Republican Deficit, he also inherited a country facing economic collapse. Economic growth declined dramatically from the third quarter of 2008, when there was a negative one-half of one percent of growth, to the fourth quarter of 2008, when the economy contracted at a rate of over six percent. We are in the midst of the worst recession since the Great Depression, financial and housing crises, and we have lost over 3.3 million private sector jobs in the last six months alone.

Ignoring their own record and desperate to blame Democrats, Congressional Republicans don the masks of deficit hawks and demand that the President take sole responsibility for the national debt. These disingenuous attacks are indicative of a Republican Party frantic to evade the fundamental failures of its economic and fiscal policies.

A Brookings Institution analysis by William Gale concluded that the “fiscal mess” we find ourselves in was precipitated by “a series of policy actions adopted during the Bush administration”: In 2001, the Congressional Budget Office projected that the 2008 budget would show a surplus equal to 4.5% of gross domestic product. The actual 2008 budget ran a deficit of 3.2% of GDP. Almost all of the reversal was the result of policy changes – tax cuts and spending increases.” [Brookings Institution, [7/30/2009](#)] This was, of course, followed by the collapse of the financial markets, the deepening of the recession, and the extraordinary measures that the federal government had to undertake in response to the crisis. The Brookings findings were confirmed by a subsequent Center for American Progress study that found that Bush policies account for 40 percent of the short-term fiscal problem, the recession accounts for 20 percent, and the financial sector rescue accounts for 12 percent. Obama Administration policies,

primarily the *Recovery Act*, enacted in response to an inherited crisis of unforeseen proportions, account for 16 percent. [Center for American Progress, [9/2009](#)]

Moreover, an analysis of new Congressional Budget Office data that was released this week reveals that the projected deficits for 2009-2012 were created largely by Republican policies:



[Office of the Majority Leader Steny Hoyer, [1/27/10](#)]

The facts are clear and compelling: approximately 79 percent of the deficit was created under the Bush Administration and much of the subsequent spending, primarily the *Recovery Act*, was necessary to clean up the mess that Democrats had inherited. The conclusion? The Republicans have an abysmal track record on fiscal discipline. Americans are right to ask: will Republicans ever accept responsibility for the consequences of their economic and fiscal policies? Based on their current collective amnesia about the record deficits they caused, the answer is “highly unlikely.” “Don’t expect the No Party to own up to their past red ink.” [New York Times, Editorial, [1/22/10](#)]